

Another leap in scale and outlook still strong

3 December 2021

FY21 (to 30 Sep) saw Impax continuing to scale at a pace unmatched by any UK-listed asset manager, and the broader sustainable investing market. AUM reached £37.2bn, 84% up from 30 Sep 20 (£20.2bn). By 31 Oct 21 AUM grew another 4.6% to £38.9bn.

Compared to a peer group of UK-listed asset managers and platforms, **Impax recorded the highest net inflow rate** (53% of opening AUM), with the second-ranked peer some distance behind at 19%, and the group median at 7%. It also recorded the **highest AUM increase from investment performance**, at 22% of average AUM, compared to a peer group median of 15% (see pages 2 & 3).

Its net inflow rate of 53% is also more than the broader sustainable investing fund market, which, over the same period, recorded inflows of 50% of opening AUM globally, and 48% in Europe¹.

Financial results for FY21 were hugely impressive with revenue up 64% to £143.1m (higher than our previous forecast of £139.4m) and **adjusted operating profit* up 140% to £55.8m** (again higher than our previous forecast of £49.7m, and providing evidence of substantial operational leverage). **Cash reserves grew 87% to £70.1m, and the full-year dividend increased by 140% to 20.6p.**

Outlook and valuation

There is huge momentum in the sustainable investing market (in Europe, sustainable funds attracted 47% of all fund inflows in calendar H1 21¹). **Coupling this with Impax's impeccable sustainability credentials, backed up by a track-record of delivering superior investment returns, and its established and successful distribution channels in the major capital markets of the US, Europe and Asia, leads us to conclude that its growth trajectory is likely to remain strong.**

On the basis of this AUM outlook and higher than expected revenue and profits for FY21, **we raise our fundamental valuation from 1300p to 1450p**, noting that our forecast AUM growth over the next five years (CAGR of 19%) is less than some estimates of the growth of the overall sustainable investing market (PwC's 'conservative scenario' forecasts a CAGR of 22% and its 'best case', 29%²).

Summary financials & forecasts

Year end 30 Sep	FY19A	FY20A	FY21A	FY22E	FY23E
AUM, £bn	15.1	20.2	37.2	44.9	54.9
Revenue, £m	73.7	87.5	143.1	193.0	229.0
Adjusted Op. Profit*, £m	18.0	23.2	55.8	73.3	89.2
Net profit after tax	15.9	13.7	40.2	57.5	67.7
EPS basic, p	12.2	10.6	31.5	44.1	51.6
EPS adjusted & diluted, p	11.5	14.5	33.9	43.9	51.1
PER	117.8	93.4	39.9	30.8	26.4
Dividend, p	5.5	8.6	20.6	27.4	31.9
Yield	0.4%	0.6%	1.5%	2.0%	2.4%
Net assets, £m	63.2	71.4	110.5	142.3	178.0
Net cash, £m	27.2	38.8	74.2	111.4	151.3

Source: Group report & accounts and ED estimates

PER and Yield calculations based on share price of: **1,350p**

* Adj. results eliminate non-recurring acquisition costs, ongoing amortisation of intangibles acquired, one-off tax credits and mark-to-market of NI on equity award schemes.)

¹ Morningstar: *Global Sustainable Fund Flows - Q2 2021* | July 2021

² PwC: *2022 - The growth opportunity of the century*. November 2020

Company Data

	IPX
EPIC	IPX
Price (last close)	1350p
52 weeks Hi/Lo	574p/1448p
Market cap £m	£1,790m
ED Fair Value/share	1450p
Proforma net cash	£74.2m
Avg. daily volume	217k

Share Price, p



Source: ADFVN

Description

Impax is a specialist asset manager, focused on the growth opportunities arising from the transition to a sustainable economy. Founded in 1998, it offers a range of thematic and unconstrained global equity strategies, real asset funds, as well as smart beta and fixed income strategies.

AUM on 31 Oct 2021: £38.9bn



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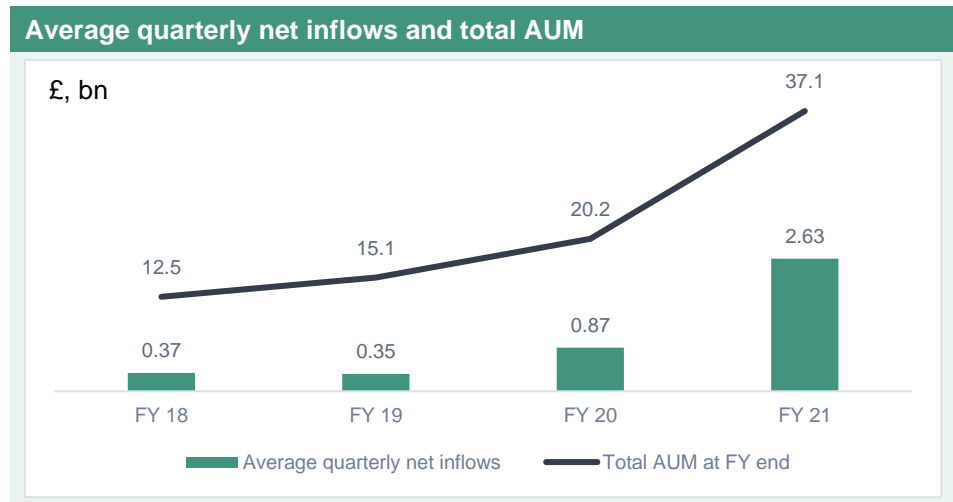
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AUM buoyed by inflows and investment performance

The £17.0bn AUM increase in FY21 was achieved through extremely strong net inflows, which accounted for £10.7bn (63%) of the increase, and a robust investment performance which accounted for £6.4bn (37%).

While asset managers' inflows are typically quite volatile over a monthly or quarterly timeframe, it is absolutely clear that **Impax's average AUM inflows have stepped up in scale** over the last two years, with average quarterly flows increasing from under £0.4bn in FY18 and FY19, to £2.6bn in FY21.



Source: Impax, ED Analysis.

Net flows have also been far in excess of those achieved by other UK-listed asset managers and platforms.



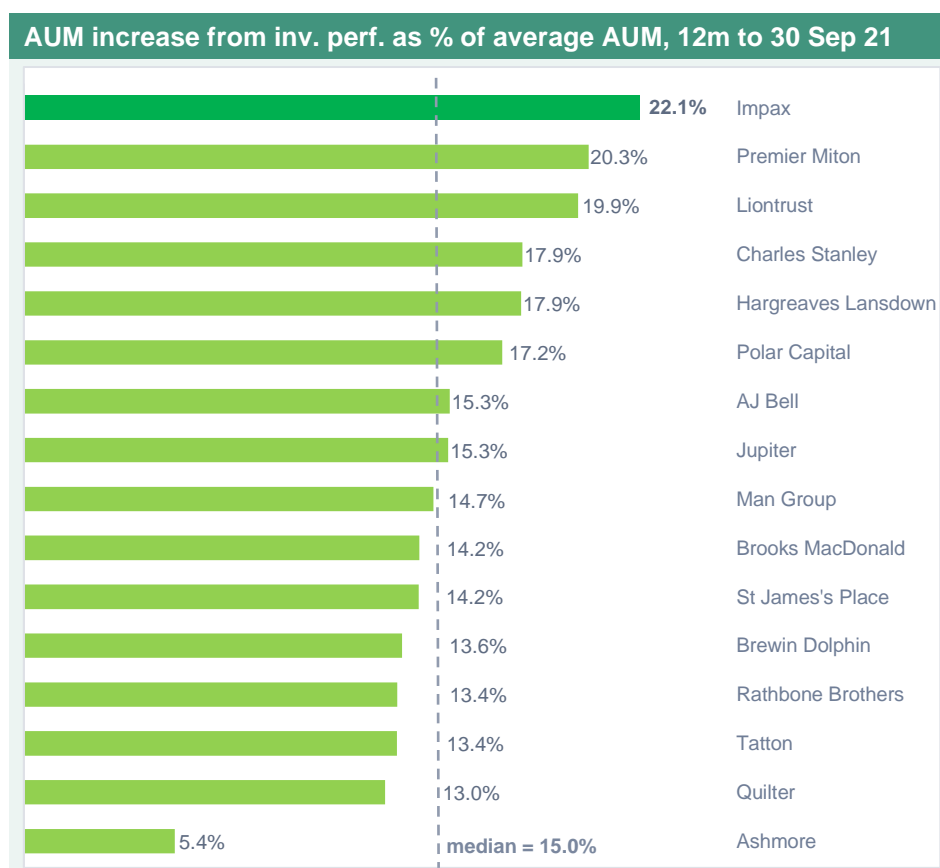
Source: Company reports and trading updates, ED analysis
 Net inflows exclude AUMs added through acquisitions.

This is the second year in a row that Impax tops this ranking: in (FY20 - Oct 19 to Sep 20) Impax's net inflows as a % of opening AUM were 23.0% compared to a peer group median of 2.3%.

This illustrates not only the sustainable investing market tailwinds which are benefitting Impax, but clients' continuing and increasing confidence, with notable developments on existing and new mandates and fund ranges including:

- a second mandate being secured from St James's Place (SJP), one of the largest wealth managers in the UK, for the Global Opportunity Strategy (the first mandate was incepted in Dec 18), with over £2bn of inflows from this client in FY21;
- the Ireland-domiciled UCITS fund range growing AUM by 160% to £2.1bn;
- Impax Environmental Markets plc growing its total net assets by 64% to £1.4bn;
- the longstanding European and Asian distribution relationship with BNP Paribas Asset Management (in place since 2007) continuing to grow strongly, including a mandate win for a new fund launch by Nomura in Japan (£1bn of inflows from Japan, primarily from Nomura);
- the Pax World Funds in North America growing by 55% to US\$ 8.3bn; and
- a number of new distribution agreements being signed covering Australia and New Zealand.

Impax also delivered a superior investment performance compared to peers, recording the highest AUM increase from investment performance as a percentage of average AUM.



*Source: Company reports and trading updates, ED analysis
 Average AUM calculated as simple average of opening (1 Oct 20) and closing (30 Sep 21) AUM*

During the financial year, Impax changed its segmental AUM reporting. It previously reported the US-managed Impax Asset Management LLC business (the PAX business acquired in 2018) separately, but with the integration complete, it now reports AUM on an asset class basis, not a regional basis, as shown below.

Summary AUM movement over FY 2021

£m	Listed equities	Fixed income	Private markets	Group total
AUM, 30 Sep 2020	18,865	947	371	20,183
Net flows	10,387	322	(34)	10,676
Market moves, FX & performance	6,385	(12)	(20)	6,353
AUM, 30 Sep 2021	35,636	1,257	318	37,211

Source: Impax

While this does result in a view where the listed equities segment is far larger than the fixed income and private markets (mostly European renewable energy infrastructure) segments, we expect to see rapid growth in both of these segments going forward.

Indeed, in Oct 21 a new private markets fund closed (Impax New Energy Investors IV, or NEF IV), with €238m committed.

All key financial metrics significantly up

Revenue grew 64% from £87.5m in FY20 to £143.1m in FY21, with run-rate revenue at the end of the period growing 80% from £96.5m at the end of FY20 to £173.8m at the end of FY21 (run-rate is the Sep result extrapolated for 12 months and adjusted to remove the effects of one-off transactions). The weighted average run rate revenue margin declined marginally from 48bps to 47bps.

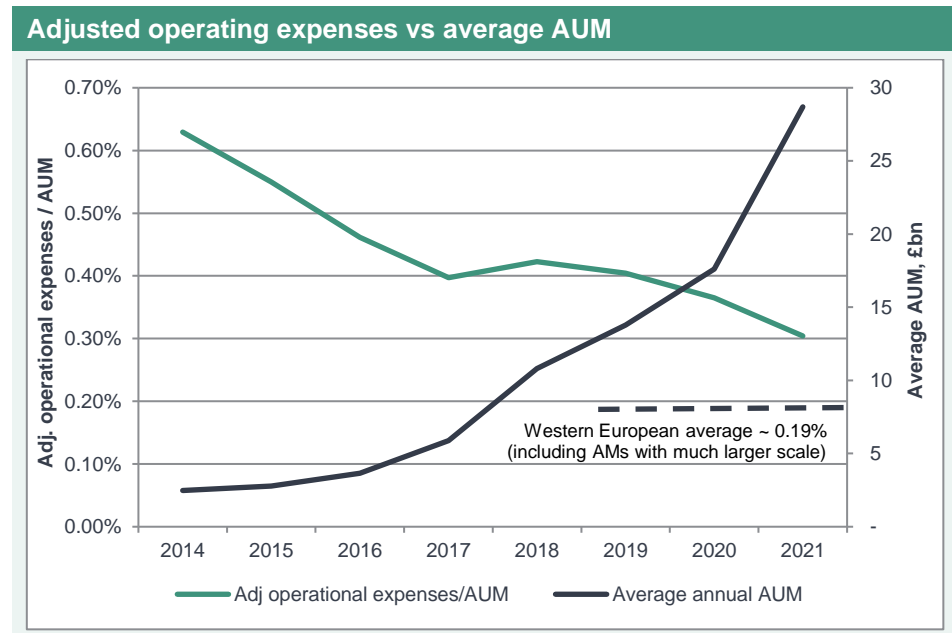
Adjusted operating profit grew 139% from £23.3m in FY20 to £55.8m in FY21 (this eliminates non-recurring acquisition costs, on-going amortisation of intangibles acquired, one-off tax credits and mark-to-market charges on equity award schemes and is probably the best measure of underlying operating performance).

Adjusted operating margin continued to increase as the business scales, from 24.4% in FY19 to 26.6% in FY20 to 39.0% in FY21, providing confirmation that Impax is benefiting from operational leverage. Another good indicator of leverage is that headcount grew by 24%, far below AUM or revenue growth, although FY21 does not reflect a full year's costs of these new hires. Because FY22 will include a full year of these scale-up costs, we see the possibility of the margin reducing slightly, and then returning to 39% and beyond as the business continues to scale.

We also like to track operational leverage by comparing expenses to average AUM (thus eliminating the effects of any changes to pricing). This is **still showing a downwards trend towards levels achieved by larger-scale asset managers.** Between 2014 and 2021, Impax had halved its *adjusted operational expenses to average AUM* ratio from 0.61% to 0.30%.

And, according to McKinsey, the average cost margin as a percentage of AUM among Western European asset managers (which includes AMs of much larger scale) is 0.19%¹, indicating that Impax has **plenty of headroom** to capture even more operational leverage.

¹ McKinsey & Company. *European asset management after an unprecedented year.* July 2021



Source: Impax, ED analysis, McKinsey

Given the rapid growth of Impax, run rate adjusted operating profit is potentially the best indication of current profitability. At the end of FY21 period this had grown 139% to £67.5m compared to £28.3m at the end of FY20.

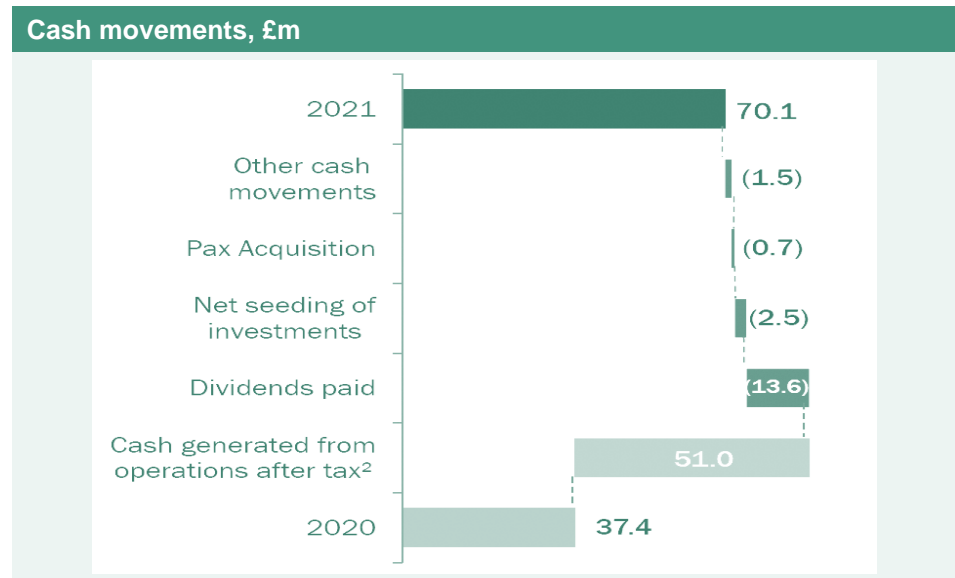
IFRS operating profit increased 169% from £17.6m to £47.4m. The primary differences between 'adjusted' and IFRS profits are that IFRS operating costs included a mark-to-market charge on equity awards (£4.2m), the amortisation of intangible assets (management contracts) arising on the Impax NH acquisition (£2.4m), and a credit from a contingent consideration adjustment (£1.6m), also related to the Impax NH acquisition.

Profit after tax increased 193% from £13.7m to £40.2m; and basic EPS 197% from 10.6p to 31.5p. FY21 IFRS profits were boosted by a tax credit in respect of historical tax charges related to private equity income (£2.8m).

Fully diluted adjusted earnings per share grew 134% from 14.5p in FY20 to 33.9p in FY21.

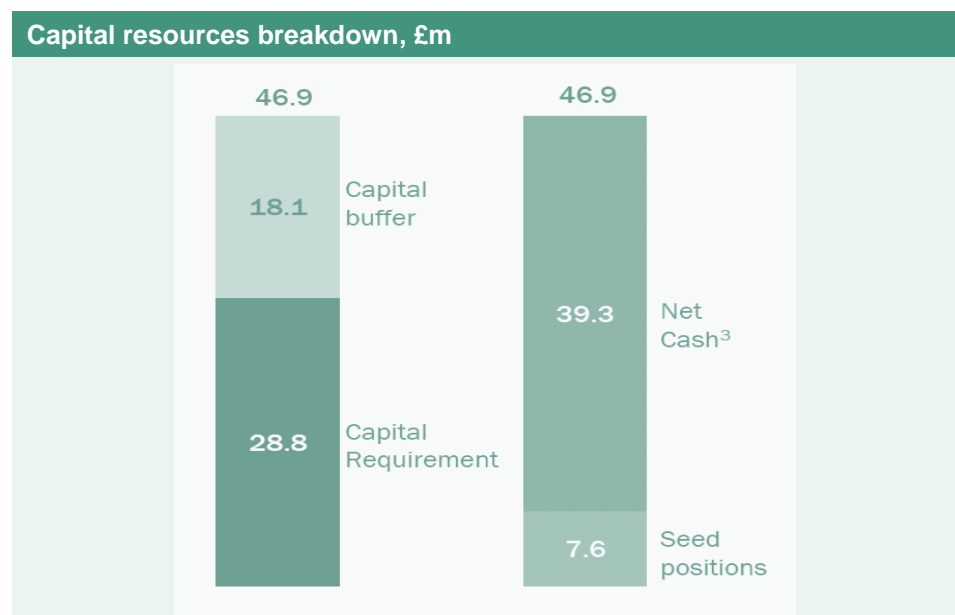
The Balance sheet of the group also strengthened, with £55.4m (FY20 £23.8) of cash being generated from operating activities (after tax).

- **Cash reserves** increased by 114% to £70.1m from £37.4m (these exclude 3rd-party interest on consolidated funds, and therefore differ slightly from accounting 'net cash' which includes these funds).
- **Net assets** increased by 55% to £110.5m from £71.4m.



Source: Impax
 Excludes third-party interest on consolidated funds and cash held in Research Payment Accounts.
²Cash generated from operations net of lease payments.

The group also provides a capital resources breakdown (see below) that takes into account minimum regulatory cash. This shows Impax having a capital buffer of £18.1m. As well as these cash reserves, Impax has a US\$13m revolving credit facility which was put in place at the time of the acquisition of Impax NH.



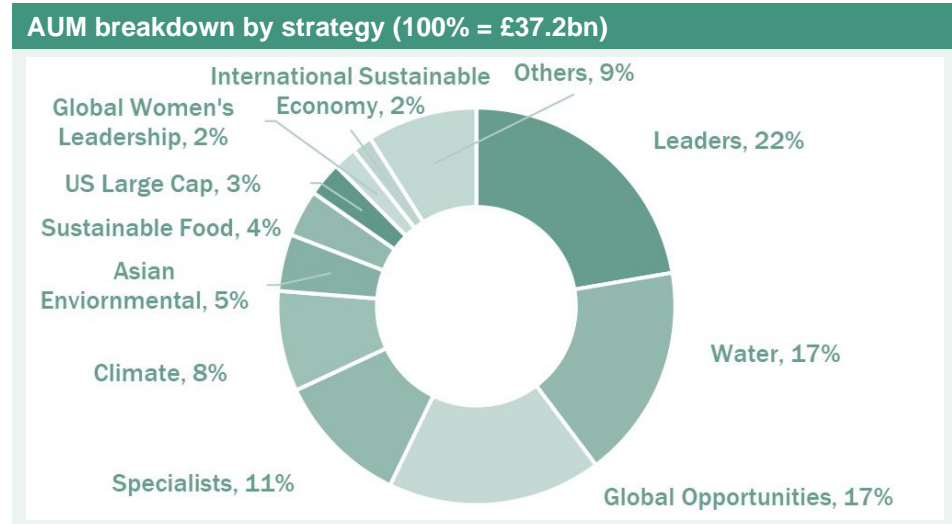
Source: Impax
³ Excluding third party interest on consolidated funds and cash held in RPAs.

Impax's target dividend payout ratio is, in 'normal' circumstances, to pay an annual dividend within a range of 55%-80% of adjusted profit after tax. As such, for FY21, a final dividend of 17.0p per share (FY20 6.8p) has been declared in addition to the interim dividend of 3.6p (FY20 1.8p), **bringing the total dividend for the year to 20.6p** (FY20: 8.6p).

This equates to 60% of adjusted profit after tax, is **a 140% jump in the full year dividend**, and produces a yield of **1.5%** on the closing share price of 1350p on 1 December 2021.

Investment returns underpin sustainability propositions

Impax has constructed a diverse range of sustainable investing strategies to cater for a wide range of client needs.



*Data as at 30 September 2021
 Source: Impax*

While these offerings are attractive from a sustainability perspective, they are also underpinned by delivering superior investment returns, consistently above benchmarks.

Notably, eight out of the largest ten strategies, accounting for 91% of AUM, have outperformed their benchmarks over three years. Of the eight that have five-year track records, seven have outperformed their benchmarks.

Further details of Impax's investment performance record by strategy are illustrated in the tables overleaf (performance for real assets strategies not shown), with above benchmark performance shaded in green, and below benchmark in red).

Environmental Markets Strategies to 30 Sep 2021, % annual return

LEADERS: AUM £8,296m; Universe market cap: US\$18.5tn

All-cap global equities with material exposure to Environmental Markets, investing in companies that are developing innovative solutions to resource challenges in four key areas: new energy; water; waste and resource recovery; and sustainable food, agriculture and forestry.

Investment period	1Y	3Y	5Y
Impax performance	24.2	15.7	14.2
Benchmark – MCSI All Country World Index	22.2	11.3	12.3

WATER: AUM £6,489m; Universe market cap: US\$2.0tn

Global equities across the water infrastructure, utilities and treatment sectors.

Investment period	1Y	3Y	5Y
Impax performance	33.4	17.6	15.6
Benchmark – MCSI All Country World Index	22.2	11.3	12.3

SPECIALISTS: AUM £4,060m; Universe market cap: US\$2.7tn

Small & mid cap global equities with majority exposure to high growth Environmental Markets, investing in companies that are developing innovative solutions to resource challenges in four key areas: energy; water; waste and resource recovery; and sustainable food, agriculture and forestry.

Investment period	1Y	3Y	5Y
Impax performance	40.5	20.5	16.7
Benchmark – MCSI All Country World Index	22.2	11.3	12.3

CLIMATE: AUM £3,047m; Universe market cap: US\$7.5tn

Global equities with demonstrable exposure to products and services enabling mitigation of climate change or adaptation to its consequences.

Investment period	1Y	3Y	5Y
Impax performance	33.7	20.9	N/A
Benchmark – MCSI All Country World Index	22.2	11.3	12.3

ASIAN ENVIRONMENTAL: AUM £1,724m; Universe market cap: US\$5.2tn

Regional exposure to the fast growing Environmental Markets in South East Asia, China, Japan and Australia.

Investment period	1Y	3Y	5Y
Impax performance	23.4	16.5	13.0
Benchmark – MCSI AC AP Composite	12.6	7.3	8.8

SUSTAINABLE FOOD: AUM £1,421m; Universe market cap: US\$3.5tn

Investing in the most innovative companies across the sustainable food value chain.

Investment period	1Y	3Y	5Y
Impax performance	21.4	10.2	9.1
Benchmark – MCSI All Country World Index	22.2	11.3	12.3

Source: Impax, ED analysis

All numbers show annualised returns. All returns shown in GBP as of 30 Sep 21. AUM as at 30 Sep 21.

Figures are presented gross of management fees and include the reinvestment of all income.

MSCI indices are total net return (net dividend re-invested).

MSCI AC AP Composite is a custom made benchmark made up of 80% MSCI AC Asia Pacific ex Japan and 20% MSCI Japan, rebalanced daily

Sustainability Lens Strategies to 30 Sep 2021, % annual return
GLOBAL OPPORTUNITIES: AUM £6,480m

An all cap global equity strategy that invests in companies possessing sustainable competitive advantages in order to achieve long-term capital growth.

Investment period	1Y	3Y	5Y
Impax performance	24.9	17.3	17.2
Benchmark – MCSI All Country World Index	22.2	11.3	12.3

US LARGE CAP: AUM US\$ 1,400m

A core equity strategy that fully integrates analysis of sustainability risks and opportunities and invests in companies that have strong prospects and attractive valuations.

Investment period	1Y	3Y	5Y
Impax performance	37.0	20.1	N/A
Benchmark – S&P 500 Index	30.0	16.0	16.9

US SMALL CAP: AUM US\$ 657m

A core strategy that fully integrates analysis of ESG risks and opportunities and focuses on high quality companies at reasonable prices. The strategy uses a proprietary sustainability lens and ESG research to better manage sustainability risks and identify opportunities, and it is fossil fuel free.

Investment period	1Y	3Y	5Y
Impax performance	59.2	13.8	12.1
Benchmark – Russell 2000 Index	47.7	10.5	13.4

CORE BOND STRATEGY: AUM US\$ 768m

An investment-grade bond strategy focused on the opportunities and risks arising from the transition to a more sustainable economy.

Investment period	1Y	3Y	5Y
Impax performance	-0.5	5.6	3.1
Benchmark – Bloomberg Barclays US Aggregate Index	-0.9	5.3	2.9

HIGH YIELD BOND STRATEGY: AUM US\$ 683m

A high yield bond strategy leveraging proprietary sustainability tools and research to better identify opportunities and mitigate risks. Focuses on companies with stable profits and manageable debt loads and growing businesses with improving credit profiles.

Investment period	1Y	3Y	5Y
Impax performance	8.5	7.5	7.0
Benchmark – ICE BofA Merrill Lynch US High Yield BB-B (Constrained 2%) Index	9.7	6.9	6.2

Source: Impax, ED analysis

All numbers show annualised returns. AUM as at 30 September 2021

Strategy returns are calculated including the dividends re invested, net of withholding taxes, gross of management fee.

MSCI indices are total net return (net dividend re invested).

S&P 500 Index is an unmanaged index of large capitalisation common stocks.

The Russell 2000 Index ("Benchmark") is an unmanaged index and measures the performance of the small cap segment of the U.S. equity universe. The Russell 2000 Index is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.

The ICE BofA Merrill Lynch U.S. High Yield BB B (Constrained 2%) index ("Benchmark") tracks the performance of BB and B rated fixed income securities publicly issued in the major domestic or Eurobond markets, with total index allocation to an individual issuer limited to 2%.

Bloomberg Barclays U.S. Aggregate Bond Index represents securities that are U.S. domestic, taxable and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities and asset backed securities.

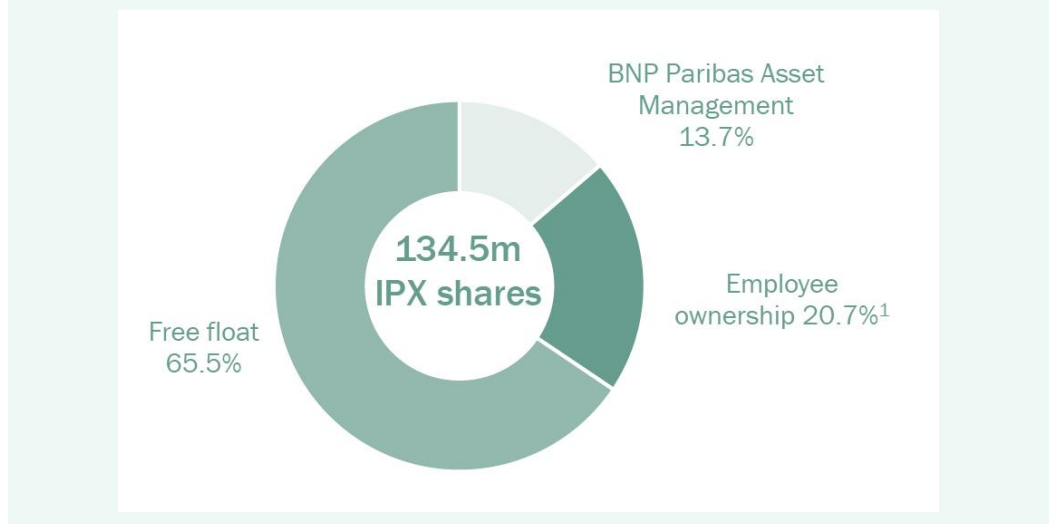
Attractive shareholding structure

The shareholder register of Impax is attractive for a number of reasons.

First, management and staff have a significant interest in the business which aligns their interests with shareholders.

Second, the ample free float of the business has created opportunities for new investors:

Ownership as at 30 Sep 21

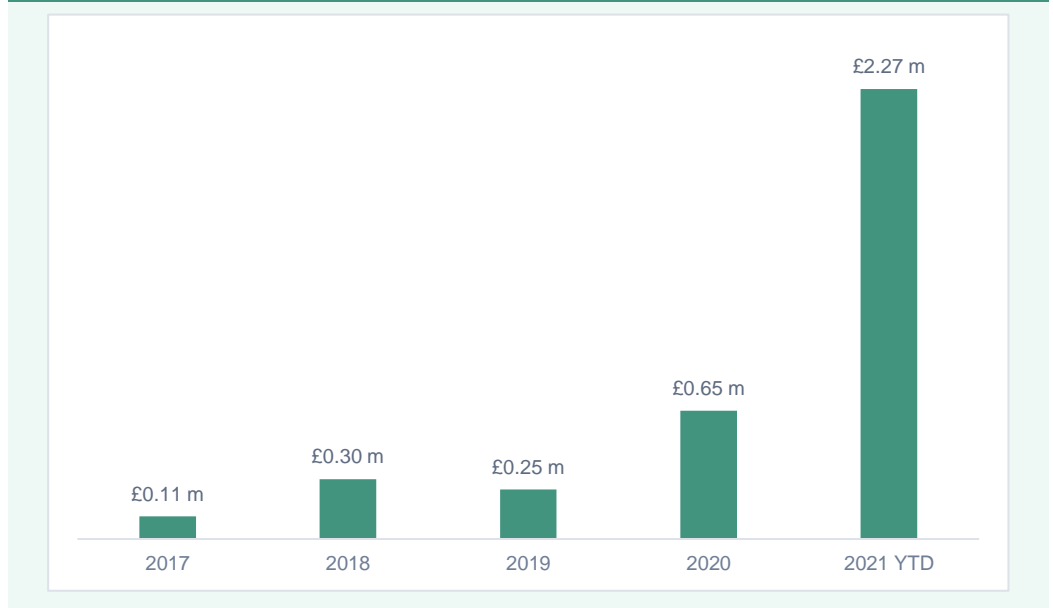


¹ Includes vested shares within sub-funds of the Employee Benefit Trusts ('EBTs') from which the individuals and their families may benefit and other shares held by EBTs in respect of other employee incentive schemes.

Source: Impax

This has certainly played a role (obviously in addition to Impax's underlying performance) in boosting share trading volumes and share price appreciation. Average daily value traded was around £250k in 2019, £650k in 2020 and £2.3m in 2021. Impax's market cap has increased from £0.9bn on 30 Sep 20 to £1.8bn today.

Average daily value traded, IPX shares



Source: ADVFN, ED analysis

Outlook and valuation

We remain bullish about the scale of the sustainable investment opportunity for asset managers more generally; and more specifically, given its **long track record and specialisation**, for Impax.

Sustainable investment products are no longer a niche segment within asset management, but are moving towards becoming a default offering. In Europe, in the first half of 2021, sustainable funds attracted almost half of all new fund inflows. The total volume of assets in sustainable funds meanwhile is still only 13% of total European fund assets², indicating that **there is still ample headroom for much more growth in the sustainable investing market**.

Indeed, the PwC Global Asset and Wealth Management Research Centre has forecast, in a 'conservative' scenario that European ESG AUM would triple between 2019 and 2025 (from €1.7trn to €5.5trn, a CAGR of 22%), while in a 'best-case' scenario, AUM would grow by 4.5x (to €7.6trn, a CAGR of 29%)³. It cites four key catalysts of this growth:

1. *A complete regulatory overhaul*, led by the European Union's Sustainable Financial Disclosure Regulation (SFDR).
2. *ESG's outperformance in terms of investment returns*, stating: "We believe that ... the performance gap between ESG and non-ESG products will continue to widen, as ESG investment processes become more sophisticated and the increasing impact and social acknowledgement of sustainability risks further shifts investor sentiment in favour of ESG investments."
3. *Increasing investor demand*, stating: "A shift in societal values has given rise to a new generation of investors who prioritise non-financial impacts alongside investment returns." (It also notes that the strongest push is coming from institutional investors – Impax's core market).
4. *Fundamental societal shifts, magnified by current environmental, social and health crises*, stating: "Public awareness of ESG related risks has catapulted climate change and sustainability to the top of the global agenda."

In addition, despite some disappointments from COP 26, we at Equity Development believe that its legacy, particularly the progress made on climate finance and the agreement to hold **annual events** going forward will continue to contribute to the momentum in the sustainable finance market.

We see Impax as one of the more significant beneficiaries of this momentum. It has impeccable sustainability credentials, backed up by a track-record of delivering superior investment returns, and it has established and successful distribution channels in the major capital markets of the US, Europe and Asia.

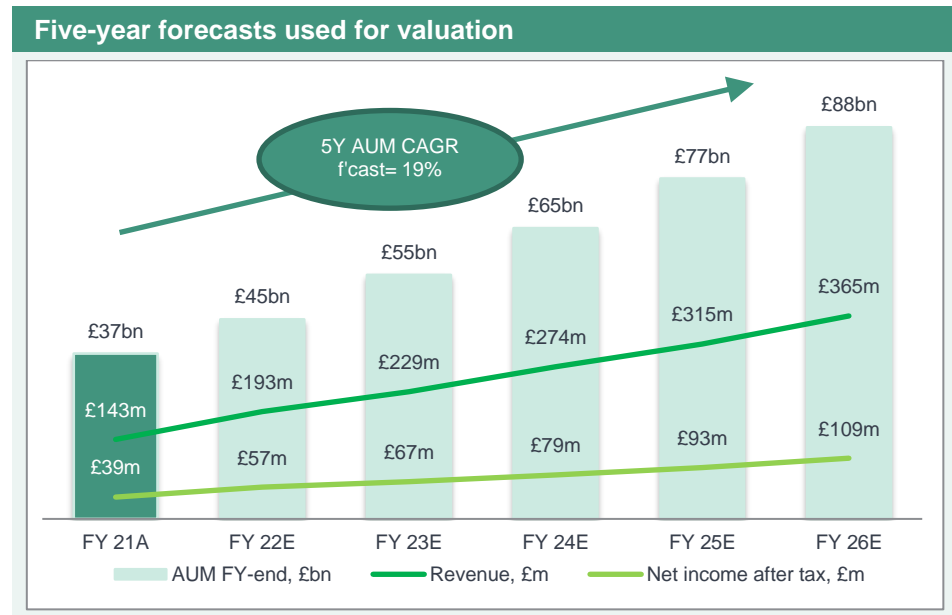
As such, for our fundamental valuation of Impax, we have forecast that over the next five years, it attracts between £6bn and £8bn of net inflows per annum (significantly less than the £10.7bn achieved in FY21, which may have been a particularly strong 'bumper' year – although this remains to be seen), and achieves an investment performance of around +5% per annum (noting that market movements inevitably introduce a degree of volatility into asset managers' AUM).

These forecasts imply that Impax achieves an AUM level of around £90bn in five years' time (FY26), a **CAGR of 19% (notably a little lower than the 'conservative' scenario CAGR of PwC's forecast growth for the sustainable investing market discussed above)**.

² Morningstar: Global Sustainable Fund Flows - Q2 2021 | July 2021

³ PwC: 2022 - The growth opportunity of the century. November 2020

A summary of this five year forecast is shown in the chart below, which also allows for some price erosion during this period (as competition is likely to increase) and for some further operating leverage.



Source: Impax, ED estimates

Core value

If we assume that at the end of this five-year period, the business is sold at a PE multiple of 20 (which, given the growth prospects of Impax we believe is very conservative, and in addition, is below the current peer group PER median of 30), and discount all of these future cash flows at a rate of 7.5%, we calculate a fundamental valuation for Impax of 1,450p per share (up from our previous value of 1,300p). If Impax exceeds our growth forecasts, there is clearly scope for that to rise again.

Appendix – Historic and forecast financials

Consolidated Income Statement + Forecasts					
12 months to end Sept, £'000s	2019A	2020A	2021A	2022E	2023E
Revenue	73,695	87,511	143,056	193,042	228,998
<u>IFRS Income Statement</u>					
Operating costs	(54,883)	(69,928)	(95,622)	(122,057)	(142,145)
Operating profit	18,812	17,583	47,434	70,985	86,852
Fair value gain/(loss) on investments	842	-	-	-	-
Non-controlling interest	156	-	-	-	-
Finance cost	(912)	(1,921)	(1,971)	-	-
Investment income	-	1,020	286	-	-
IFRS profit before tax	18,898	16,682	45,749	70,985	86,852
Taxation	(3,028)	(2,944)	(5,504)	(13,487)	(19,108)
IFRS PAT	15,870	13,738	40,245	57,497	67,745
Basic EPS, p	12	10.6	31.5	44.1	51.6
Diluted EPS, p	12	10.5	30.3	42.4	49.7
<u>Adjusted Income Statement</u>					
Adjustments to operating costs:					
Acquisition equity incentive scheme awards	(21)	135	167	-	-
Mark to market charge on equity awards	202	2,997	4,176	-	-
Amortisation of goodwill/intangibles	2,528	2,535	2,358	2,358	2,358
Credit from contingent consideration adjustment	(3,543)	-	1,649	-	-
Adjusted operating profit	17,978	23,250	55,784	73,343	89,210
Fair value gain/(loss) on investments	897	-	-	-	-
Non-controlling interest	156	-	-	-	-
Finance cost	(912)	(1,921)	(1,971)	-	-
Investment income	-	896	197	-	-
Adjusted profit before taxation	18,119	22,225	54,010	73,343	89,210
Tax credit on adjustments	-	0	0	0	0
Taxation	(3,037)	(3,490)	(9,084)	(13,935)	(19,626)
Adjusted PAT	15,082	18,735	44,926	59,407	69,584
Adjusted Basic EPS, p	12	14.6	35.2	45.6	53.0
Adjusted Diluted EPS, p	11	14.5	33.9	43.9	51.1
<u>Dividends</u>					
Interim dividend, p	1.5	1.8	3.6	6.9	8.0
Final dividend, p	4.0	6.8	17.0	20.6	23.9
FY dividends per share, p	5.5	8.6	20.6	27.4	31.9

Source: Group report & accounts and ED estimates

Consolidated Balance Sheet + Forecasts					
as at end Sept, £'000s	2019A	2020A	2021A	2022E	2023E
Assets					
Non-current assets					
Goodwill	12,804	12,306	11,816	11,816	11,816
Intangible assets	24,518	20,871	17,473	15,115	12,757
Property, plant and equipment	1,779	10,857	9,435	8,394	7,353
Deferred tax assets	3,757	5,492	11,895	11,895	11,895
Total non-current assets	42,858	49,526	50,619	47,220	43,821
Current assets					
Trade and other receivables	16,740	20,735	39,800	53,706	63,710
Investments	4,626	4,387	7,564	7,564	7,564
Current tax account	239	224	134	134	134
Cash: money mkt & LT deposits	15,235	18,516	38,066	38,066	38,066
Cash and cash equivalents	11,939	20,245	36,172	73,306	113,277
Total current assets	48,779	64,107	121,736	172,777	222,751
Total Assets	91,637	113,633	172,355	219,997	266,572
Equity and Liabilities					
Equity					
Ordinary shares	1,304	1,304	1,326	1,326	1,326
Share premium	9,291	9,291	10,824	10,824	10,824
Exchange translation reserve	1,936	1,449	374	374	374
Hedging reserve	(54)	(111)	-	-	-
Retained earnings	50,751	59,515	97,998	129,823	165,495
Equity attr. to owners of the co.	63,228	71,448	110,522	142,347	178,019
Total equity	63,228	71,448	110,522	142,347	178,019
Current Liabilities					
Trade and other payables	23,581	27,984	50,107	67,615	80,209
Lease liability	-	1,410	1,330	1,119	908
Current tax liability	124	190	1,923	1,923	1,923
Total current liabilities	23,705	29,584	53,360	70,657	83,040
Non-current Liabilities					
Accruals	704	-	-	-	-
Lease liabilities	-	9,261	8,102	6,622	5,142
Deferred tax liability	4,000	3,340	371	371	371
Total non-current liabilities	4,704	12,601	8,473	6,993	5,513
Total equity and liabilities	91,637	113,633	172,355	219,997	266,572

Source: Group report & accounts and ED estimates

Consolidated Cash Flow Statement + Forecasts					
12 months to end Sept, £'000s	2019A	2020A	2021A	2022E	2023E
Profit before taxation	18,898	16,682	45,749	70,985	86,852
Adjustment for:					
Investment income	(236)	(1,020)	(286)	-	-
Interest expense	912	1,921	1,971	-	-
Depreciation and amortisation	2,952	4,260	4,057	3,399	3,399
Fair value (gains)/losses	(606)	-	-	-	-
Non-controlling interests	(156)	-	-	-	-
Contingent consideration adjustment	(3,543)	-	-	-	-
Share-based payment charges	1,160	1,813	4,882	4,882	4,882
Op CF before movement in working capital	19,381	23,656	56,373	79,266	95,133
(Increase)/decrease in receivables	(1,135)	(3,995)	(19,021)	(13,906)	(10,003)
(Decrease)/increase in payables	2,602	4,721	22,460	17,508	12,594
Cash generated from operations	20,848	24,382	59,812	82,867	97,724
Corporation tax paid	(580)	(607)	(4,445)	(13,487)	(19,108)
Net cash generated from operating activities	20,268	23,775	55,367	69,380	78,616
Investing activities					
Deconsolidation of investment fund	(67)	-	-	-	-
Investment income received	236	222	93	-	-
Settlement of investment related hedges	258	(156)	(455)	-	-
Net redemptions made to Impax by unconsolidated funds	(485)	1,191	-	-	-
Net investment disposals/(investments made by) cons funds	-	-	(2,529)	-	-
(Increase)/decrease in cash held in money market & LT deposit	(4,024)	(3,281)	(19,550)	-	-
Acquisition - PAX	-	-	(704)	-	-
Acquisition of property, plant and equip and intangible assets	(402)	(182)	(257)	-	-
Net cash used in investing activities	(4,484)	(2,206)	(23,402)	-	-
Financing activities					
Acquisition of non-controlling interest	(201)	(201)	(191)	-	-
Repayment of bank debt	(10,371)	-	-	-	-
Interest paid on bank debt	(670)	(136)	(129)	-	-
Dividends paid	(5,792)	(7,442)	(13,616)	(30,555)	(36,955)
Acquisition of own shares	(2,505)	(4,223)	-	-	-
Payment of lease liabilities	-	(1,699)	(1,691)	(1,691)	(1,691)
Cash received on exercise of Impax share options	111	489	597	-	-
Net cash generated from /used in financing activities	(19,428)	(13,212)	(15,030)	(32,246)	(38,646)
Net (decrease)/increase in cash and cash equivalents	(3,644)	8,357	16,935	37,134	39,971
Cash and cash equivalents at beginning of year	15,529	11,939	20,245	36,172	73,306
Effect of foreign exchange rate changes	54	(51)	(1,008)	-	-
Cash and cash equivalents at end of year	11,939	20,245	36,172	73,306	113,277

Source: Group report & accounts and ED estimates



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